

Planning & Building Subcommittee Minutes
10-Year Plan to End Homelessness
City of Long Beach

Date: May 9, 2006
Time: 2:00-4:00pm
Location: Department of Health and Human Services, 2525 Grand Ave, Rm. 204

Co-chairs

John Thomas
Aaron Wooler

Summary of Discussion

Overview of the purpose of the meeting

- To identify barriers to low income and mixed income housing.

Developers Responses to Questions:

Question #1: *What type of incentives would a developer/contractor/architect need to build new or rehab old units in the City of Long Beach. The units would range from efficiency style to single family homes for both rental and ownership.*

- Develop density bonus
- FAR – floor area ratio
- Development, re-development funds plus benefits in zoning, FAR (floor area ratio)
- Improving pro forma
- Parking is an important factor and barrier, not enough land available

Finance (Home, CDBG):

- Gap financing -- need local subsidies
- RDA funds
- Layered tax
- LA uses 60,000-70,000 per unit – local subsidies
- Parking waivers – 1 for 1
 - o Very low income and senior units don't really need 1 for 1 parking –
 - o Lowering this helps w/ incentives

Set Backs: Open Space, parking, set backs

- LA small lot subdivision units in commercial & multi-family (multiple stories on 2000 ft)
 - no height limits (flexible)
- City of Anaheim Affordable Family Ordinance – give reduction for the development
- To have a single point of access, a case management office, to expedite the P & B zoning process. Expedited review – immediate fast review – S.D. and L.A. case manager coordinates review across departments.

Waivers:

- Waiver of various city fees; it helps when there are less city fees.
- Have case manager who could also do pre-review
- LB has – reduction fees/standards for SR – want expand to special populations – homeless, poverty and low income

- Do debriefing on affordable projects done. What have been impacts – sum of bldg on transport corridors (?)
- Parking issue is key with denser, poor areas -- have controls on parking based on leasing agreements and # of tenants (\$20,000 per parking space)
- Having fire, building, zoning, planning meeting together in meeting help smooth out development issue prior.

Question #3: Does developing rental vs. for sale make a difference?

- Decisions are driven by politics -- more cost efficient to do rental vs. purchase

Question #4: What do you feel are the barriers to developing or rehabbing units in the City of Long Beach? How could this process be improved?

- It was mentioned that a major barrier is the lack of political will in the city of Long Beach
- Suggested looking at the Affordable Housing Ordinance in the City of Anaheim as a good model.
- Set backs (height, etc...)
- Small lot___(?) Ordinance (more flexible on height)
- Expediting process by having access to...
- Waiver of various city fees could reduce barriers
- Reduction (?) development needs for seniors (?), if we could expand this to other populations (disabled).

Major barriers

- Developers look at parking first
- Parking can take up to 650 sq. feet (\$60-\$80 per foot) and cost \$20,000 per parking space
- From an urban design perspective, it doesn't make sense to reduce parking to create developments.
- Mentioned that many homes have more than 1 family per residence creating parking problems
- There is a lack of land to develop on
- Success: flexibility in assignment of parking and in development of disabled residences
- If affordable housing is created with lease restrictions, a lot of control vs. overcrowding with 5 families in one house = 5 cars

Question #9: Can you suggest how to deal with community concerns/issues regarding the development of mixed income housing, affordable housing and efficiency style units both with and without supportive services on site?

- Parking is a major issue – the public prefers subterranean parking
- Developers suggested to make mixed-income development mandatory
- Need to talk to community, address their concerns, having city council's support is critical
- Successful affordable housing projects should be invisible – they blend into the community
- Very little will for development of affordable housing – major barrier to developing – causes developers not to come even if willing to build.
- The city burns developers out and has a poor reputation for this type of housing. Loaning (?) issues and process issues (?)
- NIMBYism is a major barrier to mixed-income developments
- Magnet theory “build it and they will come”: This fear exists in the City Council and in the community, though not well founded

- In LA a % of market rate developments must have a certain number of units low-income this does work (?)
- No negative backlash developers
- 18% is proforma of return (RTI) for sale
- 8-9% proforma of return (RTI) for rental
- Supportive services components added to site – i.e. Day care, counselors, multipurpose room – becoming standard on rental side
- “Service enriched housing”
- Part of development proforma (?)
- Adaptive reuse – take strip malls and made new construction of the area near housing of commercial – live/work
- Prefer new construction vs. rehab
- Need mandatory mixed income developments by certain % - there is 80/20 \$ through bonds, tax credits and other funding process (bond, MHP, tax credits) get best average 45% county median range 30-60% but not getting hire end market
- Mixing different levels of affordable housing and market rate – need \$ subsidy from govt.
- Be on same pg and definition prior to developments

Incentives

- Density bonus, zoning, expedite process, not have CUPs
- Requiring downtown developers to have 1st floor be businesses does not prevent development. Mandatory mixed-income should be the same
- Marketing campaign is what is needed to act as a catalyst
- Most developers will choose to do affordable housing and not pay in lieu fee
- Mixing social services (day care, counseling, etc) into development: service enriched housing such as Beyond Shelter
- Most rental developments require incorporation of non-profits
- More cost effective to have a coordinator to do outreach to local non-profits to partner with.
- There is some resistance from for-profit vs. non-profit
- What is or is not reasonable for in-lieu fees?
- In LA not much resistance to develop affordable housing
- For LB – incentive for developers –waive fees, or density bonus – LA City /Co are having a menu of special waivers in lieu of mandatory refund bldg
- Examples of successful inclusionary zoning ordinances: San Francisco, San Clemente, LA, and Contra Costa
- Cost of land is a factor in development
- Is there publicly owned land that can be used?
- Have to work with assessor to...(?)
- Long-term Land Lease projects (Irvine has a good model), not common
- Senior housing is most appealing to the community – it costs more to build a 4-bedroom unit vs. a single bedroom unit for seniors, more cash flow. Also efficiency housing is appealing (both most desirable, more community acceptance).
- The city – subsidies determine the type of housing that is appealing to developers
- It was suggested by the developers that the city needs to dictate mixed income housing
- Lack of political will for affordable housing; developers are willing, but there is a lack of political will within the City of Long Beach; Long Beach doesn't have a good reputation among developers

Perception of Mixed-income Housing

- Some developers will prefer to pay the in-lieu fee rather than dedicate a % to low income
- Mixing market rate and affordability
- The deeper the affordability, the more need for subsidies (bond deals)
- Prevailing wage also depends on building type
- Density bonus doesn't change cost of building type
- Not enough leveraging at state level of funding
- Subsidies are greater for for-sale vs. rental
- Long Beach Housing Production Stats, off balance
- Would making it mandatory deter development?
 - ~ might be more resistance from for-profit developers
 - ~ Irvine is very aggressive, the developer has to do mixed-income housing or they don't get a permit (5% goes to very low, 5% to low, and 5% to moderate) in all market rate developers – it is working in other areas

Developer's response to Question #11: Below are the City of Long Beach requirements for the conversion of a hotel into an efficiency unit or the development of an efficiency unit. What do you think it would take to do conversion of hotels into efficiency units?

- Could be structural barriers (not 22 sq. feet, under) plus NIMBYism and parking issues
- Wood construction is easier, masonry is more difficult because of seismic upgrades
- ADA restrictions
- Skid Row Housing Trust – Jim Bonnar has information on #11
- Can't knock down due to zoning restrictions
- Motels are asking for too much money to be a viable conversion option
- Poor maintenance over time, in poor condition
- Look at other commercial properties as opportunities such as strip malls (with plenty of parking)
- Developers are looking at motels because city wants to, but there are significant barriers
- Adaptive re-use?
- Question of loft/studio model being effective?
 - ~ can cut down on some costs with this
 - ~ the issue of lack of privacy was raised, reduced quality, could lead to family problems
- Yes, viable not favorite because of acquisition costs and relocation of tenants. Better to re-build from scratch
- Yes, there may be and 1st develop of affordable deal with nuisance abatement, depends on construction type
- Long Beach Blvd as potential residential corridor, car dealerships are gone. Aggregating the land is a problem, price has gone up
- Need a one-stop shop/fast tracking

Next Steps

- How to translate report/plan into action? Prevent this from collecting dust on the shelves.
- Without political will, mixed-income housing will not happen
- Take the recommendations from this meeting to city council members in one to one meetings
- Educate the community about the benefits of mixed-income housing by giving tours
- Developers, specifically, are needed to sell the concept of mixed-income housing to city council; encouraged to continue participation in the 10 Year Plan.